



ARIZONA STATE SENATE
Fifty-Fourth Legislature, First Regular Session

ENACTED

AMENDED

FACT SHEET FOR H.B. 2749/S.B. 1551

K-12 education; budget reconciliation; 2019-2020.

Purpose

Makes statutory and session law changes relating to K-12 education necessary to implement the FY 2020 state budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

H.B. 2749 contains the budget reconciliation provisions for changes relating to K-12 education.

Provisions

Basic State Aid

1. Increases the base level for FY 2020 from \$3,960.07 to \$4,150.43.

School Safety Program

2. Expands the School Safety Program to support the costs of placing school counselors and school social workers on a school campus.
3. Requires a program proposal (proposal) submitted by a school district or charter school for school counselors or social workers, or both, to contain:
 - a) a detailed description of the school district's or charter school's safety needs;
 - b) a plan for implementing a school guidance and counseling plan that includes:
 - i. a detailed description of the relationship between the school counselor or the social worker, or both, and local community resources;
 - ii. a plan for using school counselor and school social worker services in the school, or both;
 - iii. a detailed description of the methods for evaluating the effectiveness of the school guidance and counseling plan;

- iv. policies on confidentiality and for parent and family notification of issues or concerns as identified in the school guidance and counseling plan; and
 - v. a detailed description of the school's, district's or charter school's referral procedures to the appropriate community entities and state agencies; and
 - c) information on the success, compliance and implementation of the most recent approved proposal, if the school district or charter school has already participated in the Program.
4. Requires the Arizona Department of Education (ADE) to:
- a) review and administer the proposals for school counselors and school social workers in cooperation with school administrators, principals, teachers, parents and community mental health professionals;
 - b) use relevant school-level academic, social and emotional statistics to assess the needs of each proposal; and
 - c) visit school districts and charter schools to verify the information contained in the proposals.
5. Requires ADE to evaluate the effectiveness of all approved proposals in the School Safety Program, rather than the effectiveness of the School Safety Program.
6. Allows a school district or charter school with an approved three-year program to submit an annual modified spending plan.
7. Defines *school counselor* as a professional educator who holds a valid school counselor certificate issued by ADE.
8. Defines *school social worker* as a professional educator who holds a valid school social worker certificate issued by ADE.
9. Defines *school guidance and counseling program* as a counseling program that supports, promotes and enhances the academic, personal, social, emotional and career development of all students.
10. Defines *school resource officer* as a peace officer or a full-authority reserve peace officer who is certified by the Arizona Peace Officer Standards and Training Board.

School Districts

11. Increases the transportation support level per route mile formula amount for FY 2020:
- a) from \$2.64 to \$2.69 for 0.5 or less approved daily route mileage per eligible student transported;
 - b) from \$2.16 to \$2.20 for 0.6 to 1.0 approved daily route mileage per eligible student transported; and
 - c) from \$2.64 to \$2.69 for 1.0 or more approved daily route mileage per eligible student transported.
12. Sets a county's state equalization tax rate for the current fiscal year at the lesser of the statutory rate or the rate that would have generated the amount needed to fund total equalization assistance for the county's school districts in the prior fiscal year.

13. Directs ADE to reduce the FY 2020 District Additional Assistance allocation from \$193,102,400 to \$128,734,900 and reduce school district budget limits accordingly.
14. Continues to state as the intent of the Legislature and the Governor that school districts increase the total percentage of classroom spending over the previous year's percentages in the combined categories of instruction, student support and instructional support as prescribed by the Auditor General.
15. Conforms references to the homeowners rebate percentage with the current rebate percentage of 47.19 percent established by [Laws 2011, 2nd Special Session, Chapter 1, Section 127](#).

Charter Schools

16. Increases Charter Additional Assistance (CAA) per student amounts for FY 2020:
 - a) from \$1,807 to \$1,843.14, for students in preschool programs for children with disabilities, kindergarten programs and grades 1 through 8; and
 - b) from \$2,106.03 to \$2,148.15, for students in grades 9 through 12.
17. Directs ADE to reduce the FY 2020 CAA allocation from \$10,221,600 to \$6,814,400.

Results-Based Funding

18. Requires ADE, in FY 2020, to distribute monies from the Results-Based Funding Fund (Fund) as follows:
 - a) \$225 per student count for each district or charter school that:
 - i. has less than 60 percent of enrolled pupils eligible for the Free and Reduced-Price Lunch Program (FRPL), or an equivalent measure including the community eligibility provision; and
 - ii. performed in the top 13 percent of all Arizona schools on the statewide assessment in spring 2018;
 - b) \$400 per student count for each district or charter school that:
 - i. has at least 60 percent of enrolled pupils eligible for FRPL, or an equivalent measure including the community eligibility provision; and
 - ii. performed in the top 13 percent of schools on the statewide assessment in spring 2018, with at least 60 percent of enrolled pupils eligible for FRPL or an equivalent measure;
 - c) \$225 per student count for each district or charter school that:
 - i. has at least 60 percent of enrolled pupils eligible for FRPL, or an equivalent measure including the community eligibility provision; and
 - ii. performed within the top 13.1 to 27 percent of schools on the statewide assessment in spring 2018, with at least 60 percent of enrolled pupils eligible for FRPL or an equivalent measure; and
 - d) \$400 per student count for each alternative high school that:
 - i. has at least 60 percent of enrolled pupils eligible for FRPL, or an equivalent measure including the community eligibility provision; and
 - ii. performed in the top 27 percent of schools on the statewide assessment in spring 2018, with at least 60 percent of enrolled pupils eligible for FRPL or an equivalent measure.

19. Specifies an alternative high school is eligible for results-based funding only if it reports the average percentage of pupils who received a passing score on both the math and language arts portions of the statewide assessment.
20. Specifies that a majority of monies received by a school district or charter holder from the Fund must be used at the school that earned the results that qualified for the results-based funding.
21. Modifies the purposes for which Fund monies must be used to:
 - a) add school leader salaries, classroom supplies and other strategies to sustain outcomes for students at that school; and
 - b) remove teacher professional development.
22. Specifies Fund monies used for *expanding and replicating* a school site includes:
 - a) adding seats and serving more students at the school site, including those on a waiting list;
 - b) mentoring teachers from other sites and replicating instructional practices that show results in closing the achievement gap; and
 - c) physically expanding the results-based funding model or strategies at another location to improve academic outcomes and to accelerate academic growth.
23. Removes requirements that Fund monies be used to sustain and replicate results, to serve more students on a waiting list at a school with an A or B letter grade designation, to increase salaries for teachers, staff and leaders, and at a different location to improve that school or to sustain or accelerate academic growth.
24. Limits to three years, funding for schools that are not results-based funded and receive funding or support through the expansion and replication of a school site, rather than conditioning the funding on the school's steady improvement.
25. Requires annual reports to be submitted by November 1 to ADE from:
 - a) each school that received results-based funding in the prior fiscal year, briefly describing how dollars were allocated; and
 - b) each school that is not results-based funded but received funding as outlined, indicating the years the school received that funding.
26. Requires, by December 1, ADE to annually compile the reports from each local education agency and provide the information to the Joint Legislative Budget Committee (JLBC), the Governor's Office of Strategic Planning and Budgeting and the chairpersons of the House and Senate Education Committees, or their successor committees.
27. Specifies only students who are eligible to be included in a school's student count are considered for determining a school's percentages of free or reduced-price lunch students or other poverty indicators for the purposes of results-based funding.

College Credit by Examination Incentive Program (CCEIP) (retroactive to July 1, 2018)

28. Requires ADE to distribute CCEIP monies to schools by March 1 of each year.

29. Allows school districts and charter schools to appeal the allocation of CCEIP monies until August 1 of each year and permits ADE to withhold up to \$10,000 of appropriated CCEIP monies to address allocation appeals.
30. Requires ADE to submit the CCEIP annual report to the Joint Legislative Budget Committee (JLBC), rather than to the JLBC for review.

Arizona Industry Credentials Incentive Program (Credentials Incentive Program)

31. Establishes the Credentials Incentive Program within ADE to provide incentive awards to school districts, charter schools and career technical education districts (CTEDs) for high school graduates who obtain through a career technical education (CTE) course or program a certification, credential or license accepted by a vocation or industry.
32. Requires, beginning in FY 2021, ADE to award \$1,000 to school districts, charter schools and CTEDs for each student who:
 - a) demonstrates completion of high school graduation requirements during the second school year preceding the budget year; and
 - b) completes a program resulting in a qualifying certificate, credential or license that is included on the ADE-developed CTE industry credentials list or that was included on the list when the student began the Credential Incentive Program.
33. Outlines requirements for award disbursement to:
 - a) limit a public school student to the generation of one \$1000 award, even if a student earns more than one qualified certificate, credential or license;
 - b) require ADE to disburse an award amount to the school district, charter school or CTED attended by the student for coursework related to the industry credential award; and
 - c) specify the award amount must be allocated on an ADE-determined pro rata basis if a student received related coursework at more than one school district, charter school or CTED.
34. Requires, by September 1, the Office of Economic Opportunity (OEO) to annually provide an in-demand education list to ADE that incorporates industry feedback and includes information related to wages, business growth and job openings, and ranks the top occupations in each industry that address a critical statewide, regional or local economic need.
35. Requires, by October 1, ADE to annually align the in-demand education list to the CTE industry credentials list of approved CTE programs.
36. Directs ADE to:
 - a) by February 1, annually convene a Quality Skills Commission (Commission) to review a separate CTE industry credential list that includes only certificates, credentials and licenses that qualify for the Credentials Incentive Program; and
 - b) by March 1, annually publish and post on its website, and submit to JLBC for review, the CTE industry credentials list that includes the certificates, credentials and licenses that would qualify for the Credentials Incentive Program in the subsequent year.

37. Requires the Commission to consist of individuals from:
 - a) the OEO;
 - b) ADE;
 - c) the Arizona Commerce Authority;
 - d) school districts;
 - e) charter schools;
 - f) CTEDs;
 - g) industry partners; and
 - h) business organizations.
38. Restricts a school district's, charter school's or CTED's expenditure of incentive award monies to:
 - a) costs for instruction and professional development for a CTE program teacher to become a certifying professional for an approved certificate, credential or license;
 - b) offset the students' cost of certification, credentialing or licensure;
 - c) developmental costs related to creating, expanding or improving an approved site of a certificate, credential or license CTE program or course;
 - d) required instructional hardware, software or supplies; and
 - e) career exploration in any school grade and awareness activities for parents, students and the community for the approved sectors.
39. Reduces the incentive monies proportionally to cover all eligible incentive awardees if the statewide sum of the incentive awards exceeds the amount of available appropriated monies.
40. Requires a school district, charter school or CTED to separately account for any incentive award monies in the CTE line item of the annual financial report with the intent that the school district, charter school or CTED report on the specified, approved expenditures.
41. Requires, subject to State Board of Education (SBE) review and approval, ADE to establish the:
 - a) online application format;
 - b) data submission;
 - c) reporting requirements, including submittal of data through a designated online portal; and
 - d) Credentials Incentive Program audit procedures.
42. Requires by February 1 of each year, ADE to submit to the Senate President, the Speaker of the House, the Governor and the Secretary of State a report, subject to SBE review and approval, that summarizes the following for the prior fiscal year:
 - a) the number of students at each school, by grade level, who were enrolled in a CTE program or course with a qualifying certificate, credential or license;
 - b) the number of high school graduates at each school who completed a CTE program and obtained a qualifying certificate, credential or license;
 - c) the incentive awards distributed to each school; and
 - d) the number and types of certificates, credentials and licenses obtained by students who received the incentive awards.
43. Establishes the Arizona Industry Credentials Incentive Fund (Fund) consisting of appropriated monies and administered by ADE.
44. Specifies that Fund monies are continuously appropriated and exempt from lapsing

Concurrent Coursework

45. Specifies average daily membership (ADM) for community college or university classes will be based on the class credits earned by the student.
46. Specifies for each community college or university course for which three credits are earned by a concurrently enrolled student, one-eighth of an ADM will be generated, instead of basing the calculation on the combined hours a student is enrolled at the school and the community college or university.
47. Removes the requirement that the hours a student, who is concurrently enrolled, attends a high school be included in the calculation of the student's ADM.

Juvenile Detention Centers

48. Increases, from \$20,000 to \$100,000, the base amount for a juvenile detention center education fund (fund) in FY 2020 to support education programs.
49. Directs any excess monies in the fund to supplement classroom spending.
50. Increases, from \$15 per day to \$25 per day, the variable amount per child for education programs in FY 2020.

School Facilities Board (SFB)

51. Requires the SFB, within 30 days after transferring monies to the Emergency Deficiencies Correction Fund, to report to the Director of JLBC and the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB) the amount and source of the transfer.
52. Delays the deadline, from July 1 to September 1, for a school district to submit its capital plan to request monies for new construction or land.
53. Delays the deadline, from December 1 to December 15, for the SFB to either approve or revise enrollment projections.
54. Requires the SFB to use the projected 100th-day ADM for the current school year, rather than the most recent 40th day, to determine whether a school building meets the minimum adequate gross square footage requirements.
55. Modifies the SFB approval process for new school construction to:
 - a) allow the SFB to hold a request by a school district if the additional space will not be needed within the next two years, rather than during the current school year; or
 - b) require the SFB to fund construction if the additional space will be needed within the next two school years, rather than the current school year.
56. Allows the SFB to decline a portion of funding for additional square footage if the square footage is no longer needed due to revised enrollment projections.

High-Quality Teacher Professional Development Pilot Program (High-Quality Teacher Program)

- 57. Extends the High-Quality Teacher Program from July 1, 2020 to July 1, 2023.
- 58. Delays from July 2, 2022 to July 2, 2025, the repeal of the High-Quality Teacher Program's statutory authorization.
- 59. Allows ADE to retain up to three percent of appropriated monies for the High-Quality Teacher Program to offset administrative costs.

Small School Weight

- 60. Requires through FY 2020, ADE to allocate the full amount of the small school weight to charter schools not sponsored by the State Board for Charter Schools (SBCS), including restoring any monies previously withheld.
- 61. Prohibits ADE from seeking repayment of monies allocated in prior fiscal years for the small school weight to non-SBCS sponsored charter schools.
- 62. Requires ADE to provide non-SBCS sponsored charter schools small school weights as outlined:
 - a) 67 percent of the small school weight in FY 2021; and
 - b) 33 percent of the small school weight in FY 2022.

General Budget Limit Increase

- 63. Requires the FY 2020 general budget limit to be increased for a school district, located in a county where state equalization assistance property tax levies exceeded total equalization assistance for all districts in the county in FY 2019, by the following amounts:
 - a) \$300,000 above the amount calculated for the school district in FY 2020, if the school district had a total ADM of between 300 to 399 pupils in FY 2018, according to the Superintendent of Public Instruction's (SPI) annual report; or
 - b) \$46,000 above the amount calculated for the school district in FY 2020, if the school district had a total ADM of between 5 and 14 pupils in FY 2018, according to the SPI's annual report.
- 64. Requires a school district that receives a general budget increase to:
 - a) use prior-year carry forward monies, rather than increasing primary or secondary property tax rates, to fund the general budget increase; and
 - b) use the increase only to fund capital items.

Miscellaneous

- 65. Directs ADE to contract with a third-party administrator to assist in the financial administration of empowerment scholarship accounts.
- 66. Confirms the tax year 2019 qualifying tax rate and state equalization tax to the statutory K-12 property tax rates.

67. Asserts that monies in the American Civics Education Fund are continuously appropriated, rather than subject to legislative appropriation.
68. Allows the Board of the Arizona State Schools for the Deaf and the Blind to use Enterprise Fund monies for costs outside of facility operations.
69. Makes technical and conforming changes.
70. Becomes effective on the general effective date, with a retroactive provision as noted.

Amendments Adopted by Committee of the Whole

1. Reinstates the three-fiscal year limit for a school district or charter school to participate in the School Safety Program.
2. Allows a school district or charter school that received approval for a three-year program to annually submit a modified spending plan.
3. Modifies the qualifying time-period that a certificate, credential or license is included on the industry credentials list for a school district, charter school or career technical education district to receive an incentive award for a qualifying student.
4. Specifies incentive award monies for the Credentials Incentive Program can be spent for developmental costs related to improving an approved program or course site.
5. Specifies for every three credits earned by a concurrently enrolled student for a community college or university course, one-eighth of an ADM will be generated, instead of basing the calculation on the combined hours a student is enrolled at the school and the community college or university.
6. Removes the requirement that the hours a student, who is concurrently enrolled, attends a high school be included in the calculation of the student's ADM.
7. Allows the Board of the Arizona State Schools for the Deaf and the Blind to use Enterprise Fund monies for costs outside of facility operations.
8. Requires the SFB to use the projected 100th-day ADM for the current school year, rather than the most recent 40th day, to determine whether a school building meets the minimum adequate gross square footage requirements.
9. Additionally requires the SFB to report to the OSPB Director, upon transferring monies to the Emergency Deficiencies Correction Fund.
10. Requires ADE to contract with a third-party administrator to assist in the financial administration of empowerment scholarship accounts.
11. Modifies the results-based funding for alternative high schools by requiring schools to perform in the top 27 percent on the statewide assessment in spring 2018 with at least 60 percent of pupils qualifying for free or reduced-price lunch, rather than based upon a letter grade designation.

12. Specifies an alternative high school is eligible for results-based funding only if it reports the average percentage of pupils who received a passing score on both the math and language arts portions of the statewide assessment.
13. States that the appeals process for bonus monies for the CCEIP is retroactive to July 1, 2018.
14. Reduces the additional expenditure authority, from \$1,766,300 to \$300,000, for a school district with an ADM of between 300 to 399 pupils.
15. Removes the establishment of the Arizona Community Schools Pilot Program.
16. Defines *school resource officer*.
17. Makes technical and conforming changes.

House Action

APPROP 5/22/19 DP 6-5-0-0
3rd Read 5/25/19 31-28-1

Senate Action

APPROP 5/22/19 DP 6-4-0
3rd Read 5/27/19 17-12-1
(H.B. 2749 was substituted for S.B. 1551 on
3rd Read)

Signed by the Governor 5/31/19
Chapter 265

Prepared by Senate Research
June 4, 2019
JO/gs